



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
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Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

m/023/007

FACSIMILE COVER SHEET

DATE: August 18, 2000

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 2

TO: Brenda Peterson
First Security Bank
Payson Branch

FAX NUMBER: 1-801-465-4305

FROM: Wayne Hedberg

Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT: Certificate of Deposit, North Lily Mining
m/023/007

REMARKS: Please let us know if you have any
concerns with the language in this
letter - which we need for our
records.

Thank you

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TRANSACTION REPORT

P. 01

AUG-18-2000 FRI 01:53 PM

FOR: OIL, GAS & MINING

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DRAFT

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August 18, 2000

Lowell P. Braxton
Director
Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: Certificate of Deposit Balance, Account Number: F 048-155-1711979, North Lily Mining Company (North Lily), Tintic Project, M/023/007, Juab County, Utah

Dear Mr. Braxton:

In response to your letter dated July 14, 2000, we hereby acknowledge that First Security Bank has released and transferred accumulated interest in excess of \$191,500 to another First Security account held by North Lily Mining Company. Said funds were released as per the instructions and authorization outlined in your July 14th letter.

We hereby agree to maintain a minimum (\$191,500) account balance until such time as the Division of Oil, Gas and Mining provides appropriate written instructions and authorization to do otherwise. As per your request, we also agree to provide North Lily Mining Company's executive officers (Stephen Flechner and Gene Webb) with copies of the quarterly interest statements for this account on the same schedule that they are forwarded to the Division.

It is understood that First Security Bank is also authorized to transfer additional accrued interest from this account (that *exceeds* the required \$191,500 minimum balance) into North Lily Mining Company's supplemental account. These funds will be transferred according to the schedule as determined by Bank policy, and/or as directed by North Lily's executive officers.

If you have questions regard this account, please contact me, or Brenda Peterson at (801) 465-1338.

Sincerely,

Ann Norman
Branch Manager
First Security Bank (Payson Branch)

cc: Stephen Flechner, North Lily Mining Company
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